

APPENDIX C

Authorization of Non-Appropriated Capital Improvements Projects

The Board of Governors biennially adopts a six-year plan for capital improvements. In addition to including projects to be funded from the General Fund for projects directly related to teaching, research and public service, the Board also plans for projects funded from non-General Fund sources to construct residence halls, parking decks, athletic facilities, and student recreation facilities. Some campuses with large research programs are authorized to use private and federal funds to construct and renovate research space to expand their efforts.

The University is now ready to proceed with the 2008-09 plan for projects to be funded from non-General Fund resources. The following pages contain descriptions of each proposed project as well as the sources of project financing.

The projects in this year's package were evaluated by UNC General Administration. Each project was reviewed on the basis of its need and its benefit to the University, with a focus on each project's alignment with the findings and recommendations of the UNC Tomorrow Commission. Projects were also evaluated on the basis of the impact of the project on the benefits and costs to students as well as the ability of the campus to pay for the project, as requested, without a negative impact on the institution's credit rankings. A chart evaluating the impact of additional debt is attached. Where appropriate, the strength of individual revenue streams are noted in the project descriptions below. The main criteria used for ability to pay are debt coverage ratio (which measures coverage of direct debt by financial resources that are ultimately expendable), percent of debt service to operations (which is principal and interest payments as a percent of operating expenses), and Moody's Investors Service's QRate (which is a predictive tool provided by Moody's which relies on five key performance measures and statistics to arrive at an estimated rating before and after the issuance of additional debt). A detailed financial plan will be reviewed for each project in consultation with financial advisors

and bond counsel before bonds are issued and construction contracts are awarded. Final approval for the issuance of bonds is the responsibility of the Board of Governors.

It is recommended that the Board approve 30 new or supplemental capital improvements projects at eight institutions totaling \$393,199,000. In February 2008, the Board approved the Kidd Brewer Stadium Improvements project for \$8,300,000 for Appalachian State University. The projects will be forwarded to the General Assembly for authorization during the 2008 Session. It is further recommended that the Vice President for Finance be authorized to make refinements to the request in the interest of accuracy and completeness.

East Carolina University

Athletic Facilities Expansion and Improvements – \$30,000,000

This project will include a new women's softball complex, a new track and field facility, 12 tennis courts, women's soccer field and practice facility, a 15,000 square-foot field house and sports medicine facility at the Blount Fields Complex; the addition of five softball fields and two soccer fields for student recreation at the North Recreation Fields Complex; and a new auxiliary gym at Minges Coliseum that includes men's and women's basketball practice courts and a volleyball practice court. The project will be financed from indebtedness to be repaid from a student debt service fee and gifts. The needed \$70 annual debt service fee will replace an existing \$70 debt service fee and there will be no new impact on students. Currently, debt service fees at ECU total \$248. Debt service fees range from a low of \$0 at ECSU to a high of \$452 at UNCW. The proposed debt service fee was approved by the ECU Board of Trustees with student participation, as required by the Board's tuition and fee policy.

Dining Facilities Improvements – \$9,700,000

This project will renovate 9,500 square feet of dining facilities in the Wright Place and will demolish and replace the Croatan Café (a 5,842 square-foot, single-story building built in 1970) with a new 18,000 square-foot dining facility that will better serve the campus. The project will be financed from indebtedness to be repaid from dining receipts. It is estimated the impact on students will be less than 3% per year to cover operational costs as well as debt service.

Residence Halls Improvements and Expansion – \$28,500,000

This project will renovate Tyler Residence Hall and renovate and expand Scott Residence Hall. Built in 1969 with 96,105 square feet, the Tyler Residence Hall partial renovation project will include window replacement, bathroom renovations, and fire suppression sprinkler system installation. Built in 1962 with 98,087 square feet, the Scott Residence Hall comprehensive renovation project will include renovation of the mechanical, electrical, and

plumbing systems; fire suppression sprinkler system installation; ADA upgrades; door and window replacement; asbestos removal; elevator installation; bathroom renovations; and emergency generator replacement. The new 25,800 square-foot addition will add 116 beds providing Scott Residence Hall with a total capacity of 550 beds. The project will be financed from indebtedness to be repaid from housing receipts. The estimated impact on students will be that housing rents will be increased by 3% per year to cover increased operational costs as well as increased debt service.

Dowdy-Ficklen Stadium Improvements – \$24,000,000

This project will add 5,000 seats and private suites in the East end zone of Dowdy Ficklen Stadium to increase capacity to approximately 48,000. The project will also add restrooms, concessions, and infrastructure facilities as required to support the planned expansion. The project will be financed from indebtedness to be repaid from stadium revenue, including suite lease revenue, Pirate Club donations, and additional ticket sales. The project will not be financed from student fees.

North Carolina Central University

Student Facilities Improvements – \$11,500,000

This project will partially renovate the 144,386 square-foot Walker Physical Education and Recreation Complex, acquire land to expand student recreation activities facilities, and support campus safety and infrastructure enhancements. The project will be financed from indebtedness to be repaid from a \$120 debt service fee. Currently, NCCU has only one debt service fee totaling \$81, which will not be collected after this academic year due to the retirement of the indebtedness. Therefore, the net increase to NCCU students will be \$39 per year to fund the recommended improvements. Debt service fees range from a low of \$0 at ECSU to a high of \$452 at UNCW. The proposed debt service fee was approved by the NCCU Board of Trustees with student participation, as required by the Board's tuition and fee policy.

North Carolina State University

Student Health Center Expansion – \$10,900,000

This project will renovate 7,300 square feet of the 47,673 square-foot Student Health Center to improve functionality and add 26,500 square feet to provide additional examination rooms, physical therapy rooms, and space for additional laboratory services, student testing, and offices. The project will be financed from indebtedness to be repaid from a new \$35 debt service fee. NCSU has a \$28 debt service fee which will not be collected after this academic year due to the retirement of the indebtedness. Therefore, the net increase to NCSU students will be \$7 per year to fund the recommended improvements. Currently, debt service fees at NCSU total \$149. Debt service fees range from a low of \$0 at ECSU to a high of \$452 at UNCW. The proposed debt service fee was approved by the NCSU Board of Trustees with student participation, as required by the Board's tuition and fee policy.

Avent Ferry Administration Center Renovation – \$5,200,000

This project will repurpose the 62,000 square-foot Avent Ferry Administration Center, built in 1979, for use by Communication Technologies and Enterprise Applications Database Services. The renovation will provide office, training, and warehouse space; upgrade mechanical and electrical systems; and make code and circulation improvements. The project will be financed from indebtedness to be repaid from Facilities and Administrative receipts and other institutional funds available and budgeted for this purpose. This project will not have an impact on tuition and fees.

Centennial Campus Tenant Space Renovations – \$10,000,000

This project will provide 50,000 square feet of laboratory and office space renovations for multiple tenants in the various buildings on the Centennial Campus. As tenants change in the over two million square feet of space on Centennial Campus, there is often a need for renovation to accommodate the requirements of the new tenants. The project will be financed from indebtedness to be repaid from Centennial Campus receipts. This project will not have an impact on tuition and fees.

Collaborative Research Building I – \$35,000,000

This project will provide an approximately 80,000 square-foot building on the Centennial Campus that can be used for laboratory and office space. Centennial Campus needs to have available space to accommodate the additional companies who choose to locate their business at NCSU to establish partnerships with the various colleges. The project will be financed from indebtedness to be repaid from Centennial Campus receipts. This project will not have an impact on tuition and fees.

University of North Carolina at Chapel Hill

Athletic Facilities Renovation and Expansion – \$7,023,000

This project will renovate 28,000 square feet of office space in the Dean Smith Center offices (\$2,500,000) and renovate the 4,338 square-foot Finley Golf Course Clubhouse, built in 1948 (\$4,523,000). The Finley Clubhouse project will also include a 4,000 square-foot addition providing additional locker room/lounge space and a 4,000 square-foot pavilion adjacent to the clubhouse that will provide outdoor seating and restrooms. The project will be financed from indebtedness to be repaid from athletic receipts.

Carmichael Auditorium – Supplement – \$9,500,000

This project was previously approved in the 2006 and 2007 Sessions of the General Assembly. The proposed increase will allow the building addition to increase from 6,000 square feet to 16,000 square feet, add new audio/visual equipment and scoreboards, and make further code improvements. The increase to the project will be financed from indebtedness to be repaid from gifts and athletic receipts. This project will not increase tuition or fees. The total project cost will now be \$28,025,000.

Carmichael Residence Hall – Supplement – \$1,300,000

This project was previously approved in the 2005 and 2006 Sessions of the General Assembly. The proposed increase will be used to replace floors and furniture associated with the project. Both items are late owner-requested changes. The increase to the project will be financed from indebtedness to be repaid from housing receipts. The total project cost will now be \$7,750,000. This project will not have an impact on tuition and fees. The estimated impact on students will be that housing rents will be increased by 3% per year to cover increased operational costs as well as increased debt service.

Dental Sciences Teaching and Learning Building – \$26,000,000

This project will provide a 216,000 square-foot building for the School of Dentistry. The program space comprises academic, research, clinical, administrative, as well as lecture rooms, vivarium facility, and all related site work. The project includes the demolition of the Dental Research Building, the demolition of the Dental Office Building, and renovations to portions of the Old Dental Building, Tarrson Hall, and Brauer Halls. Approximately one-fifth of the building will be programmed as shelled space for later development. Planning and development funds totaling \$2,000,000 were appropriated by the 2005 General Assembly, \$3,000,000 by the 2006 General Assembly, and \$25,000,000 by the 2007 General Assembly. The university will provide \$26,000,000 in additional funding for this project from non-general fund sources and the total construction will be \$99,000,000 from the General Fund and \$26,000,000 from non-General Fund sources. The total cost of this project is \$125,000,000. The requested \$26,000,000 from non-General Fund sources will be financed from indebtedness to be repaid from facilities and administrative receipts (\$20,000,000) and gifts (\$6,000,000). This project will not have an impact on tuition and fees.

Fetzer Gymnasium Expansion – \$2,500,000

This project will provide a 6,400 square-foot addition to Fetzer Gymnasium. The addition will expand the wrestling team facility and the women's gymnastics team locker room. The project will be financed from indebtedness to be repaid from private gifts (\$2,000,000) and athletic receipts (\$500,000). This project will not have an impact on tuition and fees.

Kenan Stadium Expansion, Phase 1 – \$50,000,000

This project will add two floors to the existing four floors in the west end zone to provide premium seating and private suites, additional restrooms, and office space for the football program. The project will also provide swing space for future development phases. The project will be financed from indebtedness to be repaid from gifts and income generated by the additional premium seating. This project will not have an impact on tuition and fees.

Mary Ellen Jones Animal Facility Renovation – \$10,000,000

This project will renovate the existing vivarium and adjacent space in the Mary Ellen Jones Building to produce a new 13,000 square-foot research animal facility, including operatories. This is a top priority from the animal facility master plan and allows UNC-CH to construct the replacement Berryhill Hall. The project will be financed from indebtedness to be repaid from School of Medicine receipts (\$6,700,000) and Facilities and Administrative Receipts (\$3,300,000). This project will not have an impact on tuition and fees.

Medical Research Building D Renovation and Expansion – \$5,000,000

This project will renovate the 4,080 square-foot Medical Research Building D and add a 2,400 square-foot addition that will house a new cyclotron and other cancer imaging research equipment. The project will be financed from indebtedness to be repaid from School of Medicine receipts. This project will not have an impact on tuition and fees.

Old East and Old West Residence Halls Improvements – Supplement – \$3,200,000

This project was previously approved in the 2006 Session of the General Assembly. The increase is due to unforeseen conditions with the existing roof and the historic masonry walls. The project will be financed from indebtedness to be repaid from housing receipts. The total project cost will now be \$6,200,000. This project will not have an impact on tuition and fees. The estimated impact on students will be that housing rents will be increased by 3% per year to cover increased operational costs as well as increased debt service.

Research Resource Facility – Phase III – \$8,600,000

Previously authorized in 2005 and 2006, this project will continue the phased construction of the Research Resource Facility project which will construct vivarium facilities in multiple buildings. This phase builds new space at the Research Resource Facility and relocates the 17,500 square feet of animal facilities currently in the Francis Owen Lab. The project will be financed from indebtedness to be repaid from School of Medicine Receipts (\$5,800,000) and Facilities and Administrative Receipts (\$2,800,000). This project will not have an impact on tuition and fees.

Robertson Scholars Site Preparation – \$1,900,000

This project will allow the associated site preparation and utility relocation required for the 11,800 square-foot, \$12,900,000 Robertson Scholars Program building that will be funded and constructed by the Robertson Scholars Program (a private foundation). The \$1,900,000 will be financed from indebtedness to be repaid from utility receipts. This project will not have an impact on tuition and fees.

Woollen Gymnasium (Sports Medicine) – Supplement – \$1,500,000

This project was previously approved in the 2006 and 2007 Sessions of the General Assembly and will convert the Women's Gym in Woollen Gymnasium to house the new Sports Medicine program. The proposed increase will further accommodate the Sports Medicine program by adding a small addition to Woollen Gymnasium that will provide space for an orthotics lab, private exam room, and replacement of the cooler storage room. The increase will also allow the campus to relocate parking and reconfigure the site to improve pedestrian connections to the corridor between South Road and Stadium Drive. The proposed increase will be financed from indebtedness to be repaid from gifts. The total project cost will now be \$8,200,000.

Chilled Water Infrastructure – \$6,000,000

This project will construct a new heat recovery chiller plant in the Biomedical Imaging Research Center that will be located at Mason Farm Road and West Drive. The project will be financed from indebtedness to be repaid from utility receipts. While there is no direct impact on students from utility rate increases, they could be marginally affected over time by corresponding increases in the cost of student services.

Cogeneration and Steam Infrastructure Improvements and Expansion – \$17,700,000

This project will upgrade the steam distribution systems needed to serve the Bell Tower Development and the Dental Sciences Teaching and Learning Facility; provide a new railroad siding capacity to improve the coal handling operations at the Cogeneration Facility; and construct a landfill gas collection system and cogeneration facility on Orange County property. While there is no direct impact on students from utility rate increases, they could be marginally affected over time by corresponding increases in the cost of student services.

Electrical Infrastructure Improvements – \$13,500,000

This project will construct a new duct bank serving campus electrical and telecommunications needs and will include high speed switches, breakers, cables, and upgraded control system. The project will be financed from indebtedness to be repaid from utility receipts. While there is no direct impact on students from utility rate increases, they could be marginally affected over time by corresponding increases in the cost of student services.

University of North Carolina at Charlotte

Residence Hall Fire Suppression Sprinkler System Installation – \$16,200,000

This project will complete the installation of fire suppression sprinkler systems in UNCC's student housing system. The project will be financed from a combination of housing receipts, repairs and renovation funds, and indebtedness to be repaid from housing receipts. The estimated impact on students will be that housing rents will be increased by 3% per year to cover the cost of sprinkling. Rents will also increase to cover increased operational costs.

University of North Carolina at Greensboro

Cone Residence Hall Fire Alarm System Replacement – \$948,000

This project installs a new addressable fire alarm system in Cone Residence Hall. The project will be financed from a combination of housing receipts and indebtedness to be repaid from housing receipts. The estimated impact on students will be that housing rents will be increased by .4% per year to cover increased operational costs as well as increased debt service.

North and South Spencer Residence Hall Improvements – \$5,978,000

This project updates the group bathrooms in Spencer Residence Hall including supply and waste piping, fixtures, finishes, and layout to improve ADA accessibility. The project will also upgrade the existing fire alarm system and install a new fire suppression sprinkler system. The project will be financed from a combination of repair and renovation funds, housing receipts and indebtedness to be repaid from housing receipts. The estimated impact on students will be that housing rents will be increased by 2.6% per year to cover increased operational costs as well as increased debt service.

Baseball Locker Room and Training Facility – \$2,800,000

This project will construct a 7,500 square-foot building for use by the baseball team. In addition to locker room and showers, offices and meeting space, the building will also provide space for visiting umpires, a batting cage facility, and storage. The project will be financed from indebtedness to be repaid from the facilities account. This project will not involve an increase in student fees.

University of North Carolina at Wilmington

Student Recreation Center Expansion – \$35,000,000

This project will expand the existing 69,644 square-foot Student Recreation Center by 96,000 square feet to support a student population that has nearly doubled since 1996. The new addition will include space for aquatics, racquet sports, sports courts, free weight area, indoor and outdoor natatoriums, and other programmatic needs. The project will be financed from indebtedness to be repaid from a new \$256 student debt service fee. Debt service fees range from a low of \$0 at ECSU to a high of \$452 at UNCW. The proposed debt service fee was approved by the UNCW Board of Trustees with student participation, as required by the Board's tuition and fee policy.

Winston-Salem State University

Student Activities Center – \$3,750,000

This project received appropriated planning funds of \$768,225 in 2006 and \$18,708,000 of construction authorization in 2007 financed with special indebtedness (COPS). A proposed supplement of \$9,799,000 is needed to cover construction costs previously anticipated to be funded from non-General Fund sources. This project will provide a 90,000 square-foot facility for academic instruction and student activities spaces including: fitness center, lockers, showers, lecture hall/theater, flexible space for dancing, racquetball, basketball, indoor track, student bookstore, food court, offices for the Student Government Association, Year Book, Student Newspaper, study rooms, and student activity space. The facility will also include a two-story, 200-vehicle parking deck to be located under the facility. The university will provide \$3,750,000 in additional funding for this project from non-general fund sources. The total cost of this project, from all sources, will be \$33,025,225. The requested \$3,750,000 from non-General Fund sources will be financed from indebtedness to be repaid from a new \$46 debt service fee. Currently, debt service fees at WSSU total \$190. Debt service fees range from a low of \$0 at ECSU to a high of \$452 at UNCW. The proposed debt service fee was approved by the WSSU Board of Trustees with student participation, as required by the Board's tuition and fee policy.

Projects recommended for Advance Planning only:

For the first time, the Board the Governors is asked to review and approve projects funded from non-General Fund sources for advance planning only. This process will allow the Chancellors and campuses to hire external experts to help with the initial planning, sizing, and cost-estimating process for future non-General Fund requests. This process will save time and money by reducing the time period from final approval for legislative consideration and construction.

Appalachian State University

Student Residential, Learning and Activity Development – Advance Planning

This project will renovate an existing 58,800 square-foot residence hall; construct a new 110,000 square-foot, 350-bed residence hall providing a living-learning environment that enhances the student learning experience by co-mingling classrooms, faculty offices, and computer lab within the traditional residence hall setting; and expand the adjacent student union by adding a 61,000 square-foot addition that will provide additional student activity and academic space supporting the new complex and the campus. Estimated to cost \$63,726,000, Advance Planning authorization of \$6,400,000 to be funded from housing receipts, will be requested during the 2008 Session.

Fayetteville State University

Student Residence Hall and Fitness Center – Advance Planning

This project will provide 97,500 square feet of new student housing space and 90,000 square feet of fitness center space combined into one facility to accommodate the existing and future student population indicated in UNC Tomorrow enrollment projections. It is expected that the residential space will provide an additional 325 beds to FSU's current capacity. The fitness center space will provide additional student recreation and activity space. Estimated to cost \$59,400,000, Advance Planning authorization of \$5,900,000 to be funded from a combination of housing receipts and student activity fees, will be requested during the 2008 Session.

University of North Carolina at Charlotte

Partnership, Outreach, and Research for Accelerated Learning (PORTAL) Building – Advance Planning

This PORTAL building on the Charlotte Research Institute Campus at UNC Charlotte will offer new opportunities for research, business development, entrepreneurial activity, and university partnerships. The building will provide flexible surge space for large research projects and house the Ben Craig Center Business Incubator. Additional partner space will be provided so that R&D companies can locate scientific and engineering teams on the CRI campus. There may be an "anchor tenant" that occupies a 15,000 to 30,000 square-foot space. The UNC Charlotte Technology Transfer Office and some CRI staff will also be located in the building to offer easy access for business partners. The building may contain a secure compartmentalized information facility (SCIF) to support classified research by

university employees and partner companies. Estimated to cost \$50,000,000, Advance Planning authorization of \$5,000,000 to be funded from Facilities and Administrative receipts, will be requested during the 2008 Session.

Motorsports Building II – Advance Planning

This project will expand the facilities for the growing Motorsports Engineering program by adding a 20,714 square-foot building that will provide three lab spaces, faculty and staff offices, and a dual function classroom/display area. The proposed building will be sited within close walking distance of the existing Motorsports Building and Duke Centennial Hall on the Charlotte Research Institute Campus. Estimated to cost \$8,000,000, Advance Planning authorization of \$800,000 to be funded from Facilities and Administrative receipts, will be requested during the 2008 Session.

Project Recommended for Energy Performance Management:

The Board of Trustees of North Carolina State University has requested authority to establish a new capital project. This project, which is focused on energy savings, greenhouse gas reduction, and utility system reliability, will include the replacement of four aged and inefficient boilers in the Yarborough and Cates Steam Plants with more fuel-efficient units, the installation of new redundant transformer banks in the main electrical substations serving the main and Centennial Campuses to provide redundancy, reliability, and lower electrical cost, and the installation of two cogeneration turbine generators for the production of electricity and steam thus increasing system thermal efficiency from 40% to 72%. The project, with an estimated capital cost of \$53,000,000 will be funded from the avoided cost of purchased utilities over a projected 19-year term. This financing method will require legislative authorization.